



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

March 7, 2008

Paul D. Fraim
Mayor
150 Boush Street, Suite 601
Norfolk, VA 23510

Dear Mr. Fraim:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the City of Norfolk for the year ended June 30, 2007. Our primary objectives were to determine that the officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations.

The results of our tests found the constitutional officers complied, in all material respects, with state laws, regulations and other procedures relating to the receipt, disbursement and custody of state funds except as follows.

The Treasurer needs to improve internal control over state funds as described below.

Perform Monthly Reconciliations

The Treasurer did not perform timely and adequate monthly reconciliations of his accounting records to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts. As of September 2007, the staff had not completed the year end reconciliation. Many of the delays are the result of difficulties the City and the Treasurer's staff encountered in the implementation of a new city finance system.

Timely monthly reconciliations are a significant internal control which is essential for determining the reliability of information. The Treasurer should reconcile assessments, collections and uncollected balances to CARS on a monthly basis pursuant to Section 58.1-3168 of the Code of Virginia and submit correction requests timely. Proper procedures will ensure complete and accurate recording of tax assessments and collections.

Paul D. Fraim
Mayor
March 7, 2008
Page Two

We discussed this comment with the Treasurer and we acknowledge the cooperation extended to us during this audit. Additionally, we verified with the Department of Accounts that as of February 27, 2008, the Treasurer has submitted all confirmations of monthly reconciliations through January 31, 2008.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Regina V. K. Williams, City Manager
Thomas W. Moss, Jr., Treasurer
Sharon M. McDonald, Commissioner of the Revenue
Robert J. McCabe, Sheriff